



Community Rating System

The National Flood Insurance Program's (NFIP) Community Rating System (CRS) was implemented in 1990 as a program for recognizing and encouraging community floodplain management activities that exceed the minimum NFIP standards. The National Flood Insurance Reform Act of 1994 codified the Community Rating System in the NFIP. Under the CRS, flood insurance premium rates are adjusted to reflect the reduced flood risk resulting from community activities that meet the three goals of the CRS: (1) reduce flood losses; (2) facilitate accurate insurance rating; and (3) promote the awareness of flood insurance.

There are ten CRS classes: class 1 requires the most credit points and gives the largest premium reduction; class 10 receives no premium reduction. The CRS recognizes 18 creditable activities, organized under four categories numbered 300 through 600: Public Information, Mapping and Regulations, Flood Damage Reduction, and Flood Preparedness.

Credit points earned, classification awarded, and premium reductions given for communities in the National Flood Insurance Program Community Rating System

Credit and Class		Premium Reduction	
Credit Points	Class	SFHA*	Non-SFHA**
4,500+	1	45%	5%
4,000 – 4,499	2	40%	5%
3,500 – 3,999	3	35%	5%
3,000 – 3,499	4	30%	5%
2,500 – 2,999	5	25%	5%
2,000 – 2,499	6	20%	5%
1,500 – 1,999	7	15%	5%
1,000 – 1,499	8	10%	5%
500 – 999	9	5%	5%
0 – 499	10	0	0

*Special Flood Hazard Area

**Preferred Risk Policies are available only in B, C, and X Zones for properties that are shown to have a minimal risk of flood damage. The Preferred Risk Policy does not receive premium rate credits under the CRS because it already has a lower premium than other policies. Although they are in SFHAs, Zones AR and A99 are limited to a 5% discount. Premium reductions are subject to change.

There are now nearly 900 communities receiving flood insurance premium discounts based on their implementation of local mitigation, outreach, and educational activities that go well beyond minimum NFIP requirements. While premium discounts are one of the benefits of participation in CRS, it is more important that these communities are carrying out activities that save lives and

reduce property damage. These nearly 900 communities represent a significant portion of the Nation's flood risk as evidenced by the fact that over 66% of the NFIP's policy base is located in these communities. Communities receiving premium discounts through the CRS cover a full range of sizes from small to large, and a broad mixture of flood risks including coastal and riverine. The following table lists the number of CRS communities by class.

The CRS application process has been greatly simplified over the past several years based on community comments to make the CRS more user friendly as possible. Extensive technical assistance is also available for communities who request it.

Community application for the CRS is voluntary. Any community that is in full compliance with the rules and regulations of the NFIP may apply for a CRS classification better than class 10. The applicant community submits documentation that it is doing activities recognized in the CRS. A community applies by sending completed application worksheets with appropriate documentation to its FEMA Regional Office.

A community's CRS classification is assigned on the basis of a field verification of the activities described in its application. These verifications are conducted by the Insurance Services Office, Inc. (ISO), an organization that provides rating, actuarial, and forms writing services to the insurance industry. ISO is the entity that has been conducting community grading for fire insurance for many years and is now performing the grading of communities under the newly implemented Building Code Effectiveness Grading Schedule. This organization's resources provide an efficient means to carry out the field work involved with the CRS.

It is important to note that reduced flood insurance rates are only one of the rewards a community receives from participating in the CRS. There are several other benefits. The CRS encourages state, local, and private programs and projects that preserve or restore the natural state of floodplains and protect these functions. The CRS also encourages communities to coordinate their flood loss reduction programs with Habitat Conservation Plans and other public and private activities that preserve and protect natural and beneficial floodplain functions.

CRS Activities

The CRS has 18 floodplain management activities available for credit divided into four categories:

Public Information (Series 300)

This series credits programs that advise people about the flood hazard, flood insurance, and ways to reduce flood damage. These activities also provide data needed by insurance agents for accurate flood insurance rating. They generally serve all members of the community and work toward all three goals of the CRS.

Mapping and Regulations (Series 400)

This series credits programs that provide increased protection to new development. These activities include mapping areas not shown on the FIRM, preserving open space, enforcing higher regulatory standards, and managing stormwater. The credit is increased for growing communities. These activities work toward the first and second goals of the CRS, damage reduction and accurate insurance rating.

Flood Damage Reduction (Series 500)

This series credits programs for areas in which existing development is at risk. Credit is provided for a comprehensive floodplain management plan, relocating or retrofitting floodprone structures, and maintaining drainage systems. These activities work toward the first goal of the CRS, damage reduction.

Flood Preparedness (Series 600)

This series credits flood warning, levee safety, and dam safety programs. These activities work toward the first and third goals of the CRS, damage reduction and hazard awareness.